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HEADLINE: Reports Cites CIA Negligence in Connection with

BYLINE: By BARTON REPPERT, Associated Press Writer

A two-year investigation points to "serious negligence" by the CIA in connection with a U.S. company's illegal sale of 155mm guns and artillery shells to South Africa, a House panel reported Wednesday.

The study, prepared by the staff of the Foreign Affairs subcommittee on Africa, also criticized the State Department's Office of Munitions Control for "a pattern of errors and carelessness" in dealing with the episode.

"While there has been an official U.S. policy of embargoing arms to South Africa since 1963, the relevant U.S. government agencies have thus far failed to adopt procedures to effectively implement the embargo," the report concluded.

In releasing the study, Rep. Howard E. Wolpe, D-Mich., chairman of the subcommittee, noted that the Reagan administration has eased restrictions on non-lethal exports to South Africa's military and police agencies and "has bent previous policy by admitting the chief of South African military intelligence to the United States."

"These moves underline the increasing need to indicate our disassociation from apartheid by strict enforcement of the U.S. and United Nations arms embargoes against South Africa," Wolpe said.

The staff investigation focused on Space Research Corp. of North Troy, Vt., which, the report said, sold and shipped at least four 155mm guns, approximately 60,000 155mm extended-range shells and other military equipment to South Africa during 1976-78.

In March 1980, SRC President Gerald Bull and Vice President Rodgers Gregory pleaded guilty to violating federal export regulations and were each sentenced to one year in prison, of which six months were suspended. Bull served 4 months and Gregory 4 1/2 months.

The company was fined \$45,000, but it subsequently declared bankruptcy and did not pay the fine.

According to the subcommittee study, "it is probable that a U.S. defense consultant who was assisting the CIA's covert action program in Angola - and was under the supervision of a CIA officer - planned with South African government officials shipments of U.S.-origin arms to South Africa for use in Angola."

It said the consultant, John J. Frost, "also informed the South Africans (representatives of ARMSCOR, the state defense production and procurement agency) that they could obtain superior 155mm artillery from SRC."

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